

VZCZCXRO9337
PP RUEHLMC
DE RUEHLP #0169/01 0232106
ZNY CCCCC ZZH
P 232106Z JAN 06
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC PRIORITY 7839
INFO RUEHAC/AMEMBASSY ASUNCION 5535
RUEHBO/AMEMBASSY BOGOTA 2798
RUEHBR/AMEMBASSY BRASILIA 6669
RUEHBU/AMEMBASSY BUENOS AIRES 3882
RUEHCV/AMEMBASSY CARACAS 1244
RUEHPE/AMEMBASSY LIMA 1138
RUEHMN/AMEMBASSY MONTEVIDEO 3506
RUEHQT/AMEMBASSY QUITO 3883
RUEHSG/AMEMBASSY SANTIAGO 8401
RUEHLMC/MILLENNIUM CHALLENGE CORP
RUEATR/DEPT OF TREASURY WASHINGTON DC
RUMIAAA/USCINCSO MIAMI FL
RUEHC/DEPT OF LABOR WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 LA PAZ 000169

SIPDIS

SIPDIS

STATE FOR WHA A/S SHANNON AND PDAS SHAPIRO
STATE ALSO FOR WHA/AND
NSC FOR DFISK
USCINCSO FOR POLAD

E.O. 12958: DECL: 01/23/2016

TAGS: [PGOV](#) [PREL](#) [ECON](#) [SOCI](#) [ELAB](#) [CI](#) [BL](#)

SUBJECT: CHILE'S LAGOS HOPEFUL ABOUT BOLIVIA'S MORALES

Classified By: Ambassador David N. Greenlee for reasons 1.4d and b.

11. (C) Summary: During their January 22 meeting in La Paz, President of Chile Ricardo Lagos told WHA A/S Shannon that the U.S. should keep the doors open with Evo Morales to prevent Venezuelan President Hugo Chavez from gaining disproportionate influence. Lagos said he had explained Chile's historical efforts to negotiate a solution to Bolivia's maritime access claim (reminding Morales that the formal blessing of Peru was indispensable to any agreement) and believed Morales' popular mandate would enable him to act sensibly on this issue, but felt that deeper regional integration would better serve Bolivia's interests. Referring again to Chavez, Lagos saw South America as "complicated" by unrealistic political visions that are impossible to implement and that only generate frustration, and suggested Brazil and Mexico could play a stabilizing role. Lagos said high-level U.S. representation in Chile's transfer of power ceremonies in March would be an important signal. Shannon said we wanted to keep the doors with Morales open, and, in consultation with our friends and allies in the region, to ensure our engagement helped consolidate democracy and prevent radicalization. Lagos was hopeful that President Evo Morales' popular mandate would help reduce tensions with Chile, and was clearly seeking ways to avert future problems. End Summary.

12. (SBU) WHA Assistant Secretary Thomas Shannon met with President of Chile Ricardo Lagos in La Paz on January 22, immediately before the "transmission of power" ceremony in which Evo Morales formally acceded to the presidency of Bolivia. (President Lagos' meeting with Morales just before was the subject of widespread and largely favorable coverage in the Bolivian media.) Lagos was accompanied by his son, Ricardo Lagos, chief of the future Chilean government's transition team, and by Chilean Deputy Foreign Minister Cristian Barros. Ambassador Greenlee and poloff Ludwig (note-taker) accompanied A/S Shannon.

Keep the Door Open

¶3. (C) Following initial niceties, President Lagos told A/S Shannon he accepted Morales' invitation to the transmission of power ceremonies in La Paz to build on the concrete successes achieved during the productive six-month tenure of former President Rodriguez. Lagos pointed to the recent bilateral agreement enabling citizens of both countries to cross their shared borders without a passport, and Chile's unilateral decision to eliminate tariffs on all Bolivian products save sugar and wheat, as intending to demonstrate good will and to facilitate further advances. He believed Evo Morales, as President of Bolivia, would be able to pick up where Rodriguez had left off. Shannon agreed that Lagos' presence in La Paz sent a welcome signal.

¶4. (C) Lagos said Chile and the U.S. should keep the doors open to Evo Morales, noting his impression that Morales had learned a great deal during his recent world tour and could be encouraged to act reasonably and pragmatically given the correct guidance. Lagos mentioned his concern about Venezuelan President Hugo Chavez in this respect, and emphasized the need to counter Chavez's potentially radicalizing influence. "If we close the doors, Chavez will only gain more leverage here," Lagos said.

Negotiations on Sea Access

¶5. (C) President Lagos explained that he had reviewed with Morales Chile's efforts during the past six years to negotiate with successive Bolivian leaders a resolution to Bolivia's maritime claim. Morales appeared to absorb the

LA PAZ 00000169 002 OF 003

lesson that Chile had made good faith efforts, and seemed to understand it was not easy for a Chilean leader to hand over a piece of its sovereignty with nothing in exchange. Lagos noted that negotiations with former President Hugo Banzer (1997-2000) were on the verge of success when Banzer resigned from office with cancer (he died soon thereafter), leaving Chile to live with the consequences of unfinished business.

¶6. (C) The Chilean President speculated that Morales' decisive popular mandate would enable him to act sensibly on this issue, without using Chile as a bogeyman to shore up political support at home -- as former President Mesa, for example, had done. He explained that negotiations with President Gonzalo Sanchez de Lozada had foundered when, with his legitimacy in question, the then-Bolivian President had pleaded for sovereign maritime access from Chile in order to save his collapsing government. Lagos said he had underscored to Sanchez de Lozada at the time, and to Morales in their meeting, that any bilateral agreement between Chile and Bolivia on this issue would need the formal blessing of Peru in any case. DFM Barrios interjected that the U.S. could demonstrate its willingness to work with Bolivia by supporting a resolution to this issue; Shannon said we would heed Chile's signals, but also underscored Peru's role.

Integration, Not Sea Access, is Answer

¶7. (C) Lagos further opined that Bolivia's gaining an outlet to sea would not solve the country's problems. Rather, agreements on a fuller range of issues, including trade, transportation infrastructure and the like aiming to deepen regional linkages, were a much better bet. In this connection, he mentioned a proposed road project linking Brazil, Argentina and Chile that would also necessarily include Paraguay and Bolivia. Lagos said prospective IDB loans for the project could go exclusively to Bolivia and Paraguay to support their participation. "We can do this quickly," he said; success could improve Bolivia's outlook. Lagos noted that Morales would have problems resolving the coca issue -- "when we broached free trade, Morales said it should include coca too" -- but that some kind of agreement could probably be reached.

Lagos: Region is Complicated

¶8. (C) Shannon asked President Lagos how he saw the regional situation. Lagos answered that it was "complicated," and referred again to Chavez's behavior and designs. The problem now, he continued, was that the proclamation of unrealistic "big visions" with no possibility of being implemented only raised expectations that could not be met. This caused increasing frustration, and raised the prospects of social conflict. Lagos said that Brazilian President Lula, for his own social sector background and the diplomatic heft of Brazil in the region, could play a crucial role in countering Chavez-led destabilization. He also believed Mexico should increase its involvement in South America, and said he had suggested as much to President Fox (who was traveling to Chile the following week). Shannon said Mexico was beginning to understand this, and had recognized the need to counter Venezuela's influence in the region. Lagos said he had also told British PM Blair to get involved, particularly in the Caribbean where British cultural ties and influence remain strong.

U.S. Representation in Chile's Transfer of Power

¶9. (U) Lagos asked Shannon to secure the highest possible U.S. representation for Chile's own transmission of power ceremonies in March. "We need a strong signal from you." Shannon said he was working on this.

LA PAZ 00000169 003 OF 003

U.S. Wants to Deepen Engagement

¶10. (C) Shannon told Lagos that the U.S. was consulting with its regional partners, including Chile and Mexico, about how to deal with Bolivia under a Morales government. He noted that we were keeping the door open with President Morales and had had a positive meeting with him the night before in which we made these intentions clear (septel). We were approaching the sensitive issue of coca with great care, he averred, and hoped to find some reasonable modus operandi on that front. Shannon acknowledged that "if we close the doors, then Chavez will open them," and expand his influence here; at the same time, if we show a willingness to seek common ground -- "as I suggested in public statements from Brazil last week" -- then Chavez spouts off accusations that the U.S. is plotting to assassinate Morales. Shannon emphasized that the U.S. wanted to deepen our relations with our friends and partners in the region, to better understand their perspectives and concerns, and to ensure that our engagement promoted democratic consolidation and prevented Chavez from carrying out his radicalization plans.

Comment: Hope About Morales

¶11. (C) It was clear from his command of the issues that President Lagos is deeply engaged on Bolivia, and seeking ways to preempt future problems in their bilateral relations. He expressed hope that Evo Morales would respond to the challenge of leadership with seriousness, and believed that the new Bolivian President's secure mandate would help him do this, particularly in regard Chile. Lagos' presence in La Paz, extremely well-received by most Bolivians, was a good first step. Morales will have the opportunity to reciprocate in March.

¶12. (U) A/S Shannon did not have the opportunity to clear this cable.
GREENLEE